

September 28, 2021

A Special Joint Meeting of the City Council of the City of Hickory, and Catawba County Board of Commissioners was held at the Hickory Metro Convention Center, Located at 1960 13th Avenue Drive SE, Hickory, North Carolina, on Thursday, September 28, 2021, at 4:03 p.m., with the following members present:

Tony Wood	Hank Guess	
Danny Seaver	Aldermen	David P. Zagaroli Jill Patton

A quorum was present.

Also present were: City Manager Warren Wood, Assistant City Manager Rick Beasley, Deputy City Manager Rodney Miller, City Attorney John Crone, Deputy City Attorney Arnita Dula, Communications and Marketing Manager Dana Kaminske, Public Works Director Steve Miller, Public Utilities Director Shawn Pennell, and City Clerk Debbie Miller.

Catawba County Commissioners present were: Chair Randy Isenhower, Vice Chair Barbara Beatty, Kitty Barnes, Sherry Butler, and Austin Allran.

Others Present: Catawba County Economic Development Corporation President Scott Millar, Catawba County Manager Mick Berry, Catawba County Interim Clerk Barbara Morris, and Catawba County Clerk Dale Stiles.

- I. Welcome
- II. Convene City of Hickory Council, Confirm Quorum - Mayor Hank Guess

Mayor Guess called the meeting to order. All Councilmembers were present except for Alderwoman Williams and Alderman Williams. Alderman Seaver arrived at approximately 4:05 p.m. A quorum was present.

- III. Convene Catawba County Board of Commissioners, Confirm Quorum - Chairman C. Randy Isenhower

Catawba County Board of Commissioners Chair Randy Isenhower called the meeting to order. All Commissioners were present. A quorum was present.

- IV. Trivium Corporate Center Overview and Vision – Scott Millar, President, Catawba County EDC
- V. Project Checkmate Overview and Vision – Scott Millar, President Catawba County EDC

Mr. Scott Millar, President of the Catawba County Economic Development Corporation (EDC) presented a PowerPoint presentation. He welcomed everyone to the Project Checkmate discussion, public hearing, and consideration by the County Commissioners and the City of Hickory. He introduced himself and advised he was President of the Catawba County Economic Development Corporation. He had the honor of emceeding the discussion, but he also had the honor of representing Catawba County and the City of Hickory with the economic development activities.

Mr. Millar mentioned the State considered this economic investment project today and the discussion involved the expansion and the assumption of the former Stonemont spec building in Trivium Business Park. He discussed Corning Optical Communications. Many of them were familiar with these facilities, a major employer in Catawba County. They also had production facilities in Hickory, Newton, and Concord. Their headquarters was in Charlotte, and they had other production facilities in Winston-Salem and Wilmington. This project was \$150 million dollars in total commitment in real estate, and in personal property equipment that would be put into the expansions of these facilities. He commented that it was sort of a convoluted process. He advised he had some graphics that he would explain to talk about the differentiation between the current Trivium building that was under construction, as well as the expansion of that building and the expansion of the Stonemont spec building as well. This would create 200 jobs at a minimum salary of those jobs averaging \$55,000 top to bottom. Those jobs would be created by December 31, 2024. That \$55,000 commitment was 125 percent of Catawba County's average wage. It was far in excess of their \$43,902 average wage for Catawba County. He reiterated that this was a competitive project. They looked for other facilities throughout North Carolina and they looked at other facilities in other States for the location of this project. They also scouted the available labor in those marketplaces where those existing buildings were. Because of course, everyone knew labor was a premium here, but he suggested that it was a premium throughout all of the productive areas of the United States at this time.

A citizen in the audience asked what the average wage was.

Mr. Millar replied the average wage was \$55,000.

The citizen asked if that was the average wage in Catawba County.

Mr. Millar advised the average wage in Catawba County was \$43,902 right now. He noted this was 125 percent of the Catawba County average wage. He discussed Trivium Corporate Center. He referred to the PowerPoint and displayed a map and pointed out a building labeled as number one. It was the existing facility at Trivium. He noted on the graphic there was expansion space

on the western and southern ends of that building. He also discussed the existing Stonemont spec building. He mentioned that approximately 9 to 10 months ago, Catawba County Commissioners and Hickory City Council announced the commitment by the Stonemont Financial Partners, as well as, Looper Development and Construction to enter into a partnership to speculatively build 192,000 square feet in hopes that that building would soon be filled. This was the culmination of that successful development partnership between those partners, the City of Hickory and Catawba County to build that speculative building. He referred to the PowerPoint and noted within Trivium Corporate Center it was shown as lot two on the map displayed. He advised this was where it got a little convoluted. The existing Trivium facility that they considered under the company considered as Project Wave, but they also did some recent expansions which were currently being constructed on that site and were not yet populated. That made it more difficult for them to determine where investments would be qualifying for this new project or whether or not they were actually trying to apply for the Project Wave/Project Alf projects they had there. He advised they would see they had delineated this in their contract attachments to show where the investments would be made that would determine where those projects would be considered under Project Wave or Project Alf. He referred to the PowerPoint and displayed a graphic that was attached to the contract showing Project Wave and Project Alf. It was roughly 296,000 square feet as it stood today. He advised they would come down Trivium Parkway and this was the facility on the right. He noted the facility that they announced maybe 34 months ago. The expansions were on either end, which he pointed out on the graphic. He advised it was the "L" expansion on the upper left and left side. He displayed the Project Checkmate expansion locations. The expansion on the left side of this graphic pointed toward due west and was approximately 101,000 square feet. Then an expansion of the clean room space on the south side of the building, which was roughly 45,000 square feet. This entailed the entire expansion pad of the southern side which would be invested in under this contract.

Mr. Millar discussed Project Checkmate Stonemont section. He pointed out on the PowerPoint graphic the existing 192,000 square feet which was the facility that he previously discussed, with the potential for expansion of another 156,000 square feet on that pad. He displayed graphics and noted these were the geographic boundaries that were under the terms of the contractual agreement that Catawba County Commissioners and City of Hickory City Council would be presented and considering during the public hearing. He displayed a graphic showing the entire buildout of both of those facilities. He advised they could see the expanded Corning facility on the right-hand side of Trivium Parkway which was 448,000 square feet and the existing space for Stonemont, including the full buildout potential was an additional 348,000 square feet.

Mr. Millar discussed the incentive considerations for this project. Using the standard matrix that they used to calculate the potential incentive offerings by the City of Hickory and Catawba County, they used these matrices for both expanding projects, so somebody that does an expansion of a project here in Catawba County, or locates a new facility here in Catawba County, the same packaging was used to determine incentives for either one of these. It made it very fair. He commented if they do what they did, they will get what they got was the way that they like to explain how the incentives were given either for existing or new. The same process was used with the same exact numbers. This project qualified under that matrix easily as a level six incentive, which normally would be about \$8.2 million dollars-worth of undepreciated grants which would be given to this company in order to encourage them to do \$150 million dollars as they had committed as well as creating the 200 jobs at the \$55,000 average salaries. That would be given to the company over the seven years after they made their tax payments with the first year being 90 percent of what was received as a result of their increased investment, being granted back to the company. The second year would be 80 percent and they could see that it slides over that seven-year sliding scale to 50 percent in the seventh year. He advised this one had a slightly different process because they were involving the repayment of the monies that they would be receiving normally from the Stonemont investment. He referred to a chart on the PowerPoint and Pointed out on the chart where it was that he was talking about the recommended amount. He discussed the \$1,035,695 incentive amount that would be going to the company during year one. That money was an income stream that the Stonemont Group agreed to pay to the City of Hickory and Catawba County following the successful conclusion of a transaction on the Stonemont building. They were scheduled to receive roughly \$1,035,000 back upon the transaction. This incentive grant would be in essence taking that payment and granting it to the end user in order for them to in essence receive free land for the project. Similar to what they did with the incentive 36 months ago for Project Wave. The terms and conditions were pretty much the same as they were under Project Wave. They would be receiving that payment of a \$1,035,000 taking it and putting in their bank and then making the payment out of this incentive recommendation to Corning for the payment of that land. That in essence netted out that calculation. If they add this number and the incentive number, they will get the \$8.2 million-dollar undepreciated number that he mentioned previously. They had broken that down and modified the level of grants for future grants back to the company in order to get to that \$7.1/\$7.2-million-dollar number that they need to get there. They modified that and the payments by the City of Hickory would be in grants, it would be \$3.7 million. The payments by Catawba County would be \$3.4 million. He explained the difference in those numbers. It was because the income stream was different to each of those because the tax rates. If they applied that percentage grant for each of them, it just amounted to a slightly different incentive value by the City of Hickory and Catawba County simply because the City of Hickory's tax rate was slightly higher.

Mr. Millar referred to the PowerPoint and displayed the breakdowns of the undepreciated amounts that would go, for example in year one, at the modified scale in order to get the \$7.2 million dollars, they had modified the scale. Instead of that sliding scale that they used over seven years that he mentioned briefly previously, starting at 90 percent, this was a modified scale that would reduce that to 75 percent in years one and two, 67 percent years three and four, and 50 percent in years five and six. They had excluded any payment to them in year seven under

this scenario in order to come to that amount plus the \$1.2 million dollars that they were receiving and forwarding to the company. This plus the payment for the land totals that \$8.2 million dollars as recommended earlier.

Mr. Millar discussed the average wage within Trivium. For example, this was driven home recently by the bond rating panelists when they were talking to them about the issuance of bonds for the financing of the bond projects in the City of Hickory. One of the things that they were concerned about was the average salaries across the Catawba County. He pointed out very successfully that since Trivium had announced these companies that the average wage of the job commitments for Catawba County was 121 percent of Catawba County's average wage top to bottom for the investments that had been made by Corning under Project Wave, ITM, Cataler, American Fuji Seal, Gusmer Enterprises, and this project. They had a total investment of \$376 million dollars within Trivium. They had 772 jobs committed with this recent announcement over the next five or six years. They had taken the average salaries that each of these companies had committed to by contract, for example, ITM had committed to \$65,000 annual salaries for 137 positions, the wages per year at full employment created by and committed to and contracted by ITM were almost \$9 million dollars. They totaled this income stream and divided it by the wages that were here creating this average salary of 121 percent through top to bottom in Catawba County or in Trivium itself. That was an interesting point and showed them the success that Trivium itself had led to for Catawba County and City of Hickory commitments and expenditures.

Mr. Millar discussed another way of looking at this. He mentioned it previously that labor was a premium in Catawba County. One would wonder with 772 jobs, what were the situations for hiring those positions? He was not going to say it was going to be easy by any one of these companies, nor was it easy for their existing employers out here. He also said that it was not easy anywhere in the United States right now to find a labor pool. He pointed out that over the years, the highest number of jobs being created so far by contract was 274 during the year 2024. He advised they could see the rest of these by year, breaking up this whole 772 number. If they calculated the commuter ship or the drive time that most people look at for working at facilities in the MSA, there were 172,000 workforce population within the 30, 40, 45-minute drive time. If every one of those positions were created in one single year, it would only amount to roughly one-half of one percent of the entire workforce of the region. Yes, there were jobs being created, they were good quality high paying jobs, but the amount of difficulty that they had added to the labor issues, he thought was shown by that one half of one percent number. He pointed out that with the quality-of-life enhancements, for example, the bond project in the City of Hickory, with the other things that were going on throughout this County, in combination with the housing starts that are committed to, and the development folks knew those were here. For example, within the City of Hickory there were already 900 residential units that had been committed to construction right now. Hopefully they would continue to be a place where people choose to live and work and that would assist them in the labor requirements that they were going to have to continue making these announcements in coming years. He asked for any questions from the elected officials.

VI. Questions by Elected Bodies/Trivium Board

Catawba County Board of Commissioners Chair Randy Isenhower asked if there were any questions from any of the Commissioners. There were none.

Mayor Guess asked if there were any questions from City Council. There were none.

VII. Joint Public Hearing

- A. Hickory City Council - Mayor Hank Guess
- B. Catawba County Board of Commissioners – Chair Randy Isenhower

Mayor Guess declared the Public Hearing open for Hickory City Council.

Catawba County Board of Commissioners Chair Randy Isenhower declared the Public Hearing open for the Catawba County Board of Commissioners. He asked if anyone wished to speak for or against the proposal or had any comments for the City of Hickory or Catawba County.

Mayor Guess asked if there was anyone present who would like to speak.

No one appeared to be heard.

Mayor Guess closed the Public Hearing for the City of Hickory City Council.

Catawba County Board of Commissioners Chair Randy Isenhower closed the Public Hearing for the Catawba County Board of Commissioners.

VIII. Consideration and Action Steps

- A. Hickory City Council
- B. Catawba County Board of Commissioners

Mayor Guess moved, seconded by Alderwoman Patton approval of the Economic Development Agreement as presented by Mr. Millar between the City of Hickory, Catawba County and Corning Optical Communications, LLC, and any related Resolutions and to authorize the Mayor to execute any and all documents including but not limited to, the Economic Development Agreement necessary to complete the substance of the Resolution and the underlying transaction. The motion carried unanimously.

Resolution No. 21-39

Resolution Authorizing Economic Development Incentives for
Corning Optical Communications

WHEREAS, Corning Optical Communications, LLC (herein referred to as “the Company”) requested incentives to cause a minimum investment of \$150,000,000 in construction and equipping new facilities by December 31, 2023, and the creation and maintenance of a minimum of 200 jobs by December 31, 2024, with a requirement to not hire anyone without a minimum of a high school diploma for anyone 25 years of age or below, and that the total average wage of the jobs will be above the Catawba County average wage of \$43,920, all to occur at 1764 Trivium Parkway, Newton, NC, 28658 and 2020 Trivium Court, Newton NC, 28658.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hickory, North Carolina, as follows:

- 1) The City Council authorizes the payment of a maximum of \$517,847.50 to the Company for development costs on the Properties, as defined in the Economic Development Agreement and, additionally, the City Council approves a performance based grant with payments of no more than \$305,906 in Grant Year 1, \$705,938 in Grant Year 2, \$630,638 in Grant Year 3, \$630,638 in Grant Year 4, \$470,625 in Grant Year 5 and \$470,625 in Grant Year 6 (total maximum incentive of \$3,732,216 for all incentive payments) conditioned on the company’s minimum investment and maintenance of \$150,000,000 in construction and equipping new facilities and the creation and maintenance of 200 new jobs which will pay above the median average hourly wage in the County. The Hickory City Council believes the company’s investment and commitment to create Jobs and the related Incentives will stimulate the local economy.
- 2) The facility will generate property tax revenues over the next 10 years in an amount at least sufficient to return to the City the value of the Incentives.
- 3) The City Council of the City of Hickory directs the City to execute a contract and any necessary resolutions or addenda between the Company and the City under these terms and conditions and authorizes the Mayor to execute these documents.

Catawba County Board of Commissioners Chair Randy Isenhower asked the Catawba County Board of Commissioners if there was a motion with regard to the proposal.

Commissioner Butler moved approval of the Economic Development Agreement as presented by Mr. Millar between the City of Hickory, Catawba County and Corning Optical Communications, LLC, and any related Resolutions and to authorize the Chairman to execute any and all documents including but not limited to, the Economic Development Agreement necessary to complete the substance of the Resolution and the underlying transaction. The motion carried unanimously.

Catawba County Board of Commissioners Chair Randy Isenhower asked if there was any further business related to this.

County Commissioner Beatty moved to adjourn the meeting for Catawba County. The motion carried unanimously.

Mayor Guess asked for a motion to adjourn the meeting for the City of Hickory. Alderwoman Patton moved, seconded by Alderman Seaver to adjourn. The motion carried unanimously.

IX. There being no further business, the meeting adjourned at 4:27 p.m.

Mayor

City Clerk